



THE PAGER & PHONE COMPANY

UNE-P to facilities Migration

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PAGER & PHONE COMPANY

I. Introduction - Dale Schmick

II. Why I started this Company - David Garza

Friends and neighbors had no phone service in Kansas City, Mo

Started with Pagers as an inexpensive substitute for a phone in 1995.

Telecom Act of '96 created a real opportunity for these customers

RBOCs, like all big companies focus on the most customers they can serve most efficiently

Local retail stores are essential for our customers but they are an investment big companies would not make to serve a niche.



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II. Why I started this Company - David Garza (cont'd)

Currently serve 22,000 customers in Kansas City, MO; Kansas City, KS; Oklahoma City, OK; Springfield, MO with expansion plans to Tulsa, OK.

We have 85 employees with expansion plans to add 15 - 20 employees in Kansas City, Oklahoma City and Tulsa. These are all jobs in economically challenged areas where new job creation is otherwise scarce.

Our Customers have few alternatives. Their only other choice is a prepaid cellphone that costs 25 - 60 cents/minute. (or to go without). Intermodal competition does not and will not impact these customers.



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III. Why our customers need us - Ralonda Beasley

95%+ of our customers did not have phone service before they came into our stores. They are all new connections of service.

Our customers have blended households, which makes it difficult to control telephone usage (long distance, directory assistance). These usage sensitive charges have caused the customer to lose their service.

We give our customers the control they need to keep their service on, and we will be able to offer them better control once we can invest in our own network.

Our customers need to pay in cash, and at the last possible minute. This is something the RBOCs are not economically capable of, or interested in offering. We facilitate this with our company owned and managed retail locations, of we we currently have 15 located in the same neighborhoods we serve.



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III. Why our customers need us - Ralonda Beasley (cont'd)

They often need wiring repaired, which the landlord won't do and they cannot afford to have done.

They see some features (Caller-ID) as essential to their safety. Companies that focus on certain niches understand these kinds of customer specific needs, and address them to the benefit of the consumer.

Without us they will NOT have phone service, which harms their employment opportunities and incapacitates their ability to build credit (no phone = no loan).



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IV. Details and the Plan - Dale Schmick

A. UNE-P

RBOCs were complicit with the idea of UNE-P and used it to get 271 approval

In our markets UNE-P is not being subsidized.

	UNE-P		RETAIL	
	Monthly	Installation	Monthly	Installation
Missouri	20.59	46.01	11.26	36.19
Kansas	17.70	39.30	15.70	31.00
Oklahoma	21.24	51.13	13.59	44.45

Just as resellers have traditionally provided additional revenue gains to facilities-based carriers in the long distance industry, we provide the RBOCs incremental revenue they would otherwise lack.

There are a lot of niche companies like ours that are necessary to ensure universal access to local telephone service. This is one of the key successes of competition.



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IV. Details and the Plan - Dale Schmick

A. UNE-P (cont'd)

In our scenario, the RBOC unbundling obligation has no inherent cost, because the RBOC is not losing retail revenue but gaining incremental revenue via wholesale. Hence, any unbundling obligation that provides favorable unbundling rules to CLECs who provide service to consumers who do not already have a phone would meet the D.C. Circuit's standard that required the FCC to look at the cost of unbundling, because in this scenario there is no lost revenue.

The RBOCs have been unsuccessful in providing service to the economically challenged market. If we as a CLEC are going to be required to build a duplicative network, then we not only have the barrier of the network, but the barrier of serving a more challenging market (ie capital cost of retail buildouts). This dual barrier presents a scenario in which the FCC should foster a regulatory environment that removes the barriers necessary to build our network, and which expands universal access to phone service.



IV. Details and the Plan - Dale Schmick

A. UNE-P (cont'd)

A special unbundling obligation could exist that allows companies who are ETCs and have a predominance of low income consumers extended access to UNE-P for customers that certify they do not have telephone service.

If the FCC can foster availability of UNE-P in central offices where these ETC CLECs do not have adequate scale to deploy a network, these CLECs will be able to grow to new markets and expand the penetration of telephone service.

Lifeline is one key element to universal service, but it cannot be fully appreciated until competition exists in the lifeline market and companies offer service that meet the unique needs of economically challenged customers.



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IV. Details and the Plan - Dale Schmick (cont'd)

B. WHAT WE NEED TO TRANSITION TO A FACILITIES BASED WIRELINE SERVICE FOR DISADVANTAGED CONSUMERS

1. Hot Cuts need to be cost effective and without interruption.

	Missouri	Kansas	Oklahoma	TOTAL
Cost per hot cut	\$41.18	\$32.39	\$54.83	
Customers	7957	2952	10991	
Total Cost	\$372,669.26	\$95,615.28	\$602,636.53	\$1,070,921.07

2. We need access to cost based transport.

Essential to providing broadband and overcoming the Digital Divide.
Intermodal competition will not close this gap.

Alternatives to RBOC transport do not exist in depressed neighborhoods.



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IV. Details and the Plan - Dale Schmick (cont'd)

B. WHAT WE NEED TO TRANSITION TO A FACILITIES BASED WIRELINE SERVICE FOR DISADVANTAGED CONSUMERS (cont'd)

3. Definitive access to the last mile

The last mile copper loop cannot be duplicated economically in depressed neighborhoods.

Without clear pro-competition transition rules for UNE-P providers, sources of financing will disappear.

CLEC owners could lose everything if our network cannot be used for several years.

4. Collocations must be done quicker

Currently 120 days

More than 10 collocations becomes open ended time frame

To avoid disaster, CLEC needs to bring on collocations in stages, which will take twice as long

Allow CLECs to share collocation space but protect sub-tenant.



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IV. Details and the Plan - Dale Schmick (cont'd)

B. WHAT WE NEED TO TRANSITION TO A FACILITIES BASED WIRELINE SERVICE FOR DISADVANTAGED CONSUMERS (cont'd)

5. Give UNE-P stability during transition

Affordable rates for existing and NEW customers, otherwise too many low income consumers will be left without service during the transition, and the CLECs affected will be unable to sustain themselves.

The RBOC 'Commercial Agreement' negotiations are a dead end for small companies

Allow the State PUCs to set just and reasonable rates

The commission should focus on the RBOCs meeting pro-competitive milestones in return for price increases to facilitate CLECs continued investment in their own facilities-based networks